



STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER
Cory Fong, Commissioner

Notice

To: Licensed Motor Vehicle Fuel Dealers

From: Motor Fuel Tax Section

Date: December 20, 2007

Subject: Heating Fuel Rate Changes and Other Issues

Heating Fuel Rate Reduction: *HB 1049* reduced the tax on special fuels sold for use as heating fuel. Beginning January 1, 2008, sales of dyed fuel sold for use as heating fuel are subject to tax at the rate of two cents per gallon and propane sold for use as heating fuel is subject to tax at the rate of one percent. Special fuels, other than diesel fuel or propane, used for heating fuel are subject to tax at the rate of two cents per gallon. Beginning July 1, 2009, all special fuels, which includes propane, sold for use as heating fuel are exempt from the special fuel tax.

“Heating fuel use” means use of special fuel to heat homes, private and public office buildings, or private and public commercial buildings or use in stoves or burners for other heating purposes. For the reduced heating fuel tax rate to be effective, the intent is for sales of heating fuel to be delivered into a supply tank connected to, or intended to be connected to, a heating unit. A sale of fuel into a supply tank used as a source for a heating purpose and an additional non heating purpose does not qualify for the reduced heating fuel tax rate. There are no provisions for the prorated use of special fuels.

Retailers selling any special fuel for heating purposes, and collecting the reduced tax rate, must have a license in place on January 1, 2008, the effective date for the change in rate on heating fuel, and will be required to file monthly reports.

Diesel Fuel Used in a School Bus: All sales of diesel fuel to be used in school buses must be clear diesel fuel. School buses are not allowed to use dyed fuel for road use even if the difference between the dyed fuel rate of four cents per gallon and the clear fuel rate of twenty three cents per gallon is paid.

Blended Fuel Sales: Licensed dealers purchasing or selling blended fuel must report the sale as a blended product, not as a sale of separate products. If purchased or sold as separate products to be blended at some point in the future it must be reported as separate products. Line 3 of the fuel tax report provides for the transfer of individual product volumes, which were reported on the receipts schedule, to a blended product category subsequently reported as a sale on the disbursement schedule.

Tax Paid Sales to Resellers and Licensed Dealers: A tax paid transaction that occurs for a sale of fuel to a reseller or licensed dealer must be reported in a detailed entry on the disbursement schedule of the monthly report. Each individual tax paid sale must be reported as a separate entry; tax paid sales **may not** be combined into a “Summary” entry. Sales of fuel from one licensed dealer to another licensed dealer should be conducted as tax free transactions. Instructions for reporting a tax paid transaction between two licensed fuel dealers may be obtained by contacting our office.

Motor Vehicle Refund: *SB 2089* removes the requirement that documentation submitted with a request for a refund of motor vehicle fuel tax must have the tax listed as a separate item or a statement that the tax is included in the price. Revised forms and instructions are available on our web site.

North Dakota Century Code Section 57-43.1-04 states that “A supplier, distributor, or retailer is prohibited from preparing a refund claim for the consumer.” Taxpayers are expected to fill out their own forms or find an independent party if they are unable to do it themselves.

E-file Confirmation: When an electronic file is uploaded on the e-file web application a confirmation notice will be provided indicating a successful upload. You may want to record the confirmation information or print a copy for your records in case there is an issue with the upload in the future. If you receive an error message or the confirmation message does not appear you should contact our office to inquire if the file was received.

A confirmation includes the naming convention our office assigns to a file you have uploaded. An example of a file naming convention for an October 2007 motor vehicle report in an Excel format would be *ND12345678970200710_20071126105321MV.xls*. The naming convention includes the nine character FEIN (123456789) and 2 digit suffix (70), reporting period (200710), time stamp for date and time of upload (20071126105321), the report tax type (MV), and a file extension indicating and Excel or EDI file (.xls).

Timely Filing: Both an electronic report and the corresponding payment with voucher must be submitted timely to be avoid the assessment of a late filing penalty and interest. The timely filing of the electronic report is determined by the time stamp applied when the file is received. The mail postmark date determines the timely filing for a payment and voucher. Check with your post office to determine the deadline for mail to be postmarked the day of deposit.

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